

January __, 1998

Mr. Nick Lugo, Jr.
President
National Hispanic Impact Marketing
159 East 116th Street
New York, New York 10028

116th Street Festival, Carnaval de Paterson, NJ and Expo Feria '98

Dear Mr. Lugo:

This letter constitutes the agreement (the "Agreement") between Philip Morris Incorporated, a Virginia corporation with executive offices located at 120 Park Avenue, New York, New York 10017 ("Philip Morris"), and National Hispanic Impact Marketing, a New York corporation with offices located at 159 East 116th Street, New York, New York 10028 ("Promoter"), regarding Philip Morris' sponsorship of (i) the 116th Street Festival to be held on 116th Street from 1st Avenue to Park Avenue in New York City on June 6, 1998; (ii) the Carnaval de Paterson, NJ to be held at Memorial Drive from Market Street to Broadway in Paterson, New Jersey on July 12, 1998; and (iii) the Expo Feria '98 to be held at the Park Avenue Armory in New York City on September 11, 1998 through September 13, 1998 (collectively, the "Events"). The terms of the Agreement follow.

1. Sponsorship Rights. As the exclusive tobacco sponsor of the Events, Philip Morris will be entitled to the following:

- (a) the exclusive right to conduct name generation activities and to distribute incentive items to smokers twenty-one years of age or older during the Events, at promotional locations and throughout the site of the Events;
- (b) the exclusive use of a 10' X 22' promotional tent for the distribution of incentive items. The promotional tent will be supplied by Philip Morris and will be placed at a location mutually agreed upon by the parties;

2070876995

Mr. Nick Lugo, Jr.
National Hispanic Impact Marketing
January __, 1998
Page 2

(c) the exclusive right to twelve 10' x 10' promotional booth spaces (four at each Event) to be utilized for incentive item distribution at the Events. The booths will be supplied by Philip Morris and will be placed in locations at the site of the Events mutually agreed upon by the parties;

(d) the exclusive right to present a **Philip Morris Music** stage at the 116th Street Festival super site located on 3rd Avenue between 106th and 107th streets. Talent and staging will be provided by Philip Morris;

(e) the exclusive right to hang and display banners and signage on and around the tent and booth locations and throughout the site of the Events at locations mutually agreed upon by the parties; and

(f) the right to recognition in all advertising placed in connection with the Events and the right to approve in advance all materials and announcements prepared by Promoter that mention Philip Morris; provided, however, that the approval will be effected on a timely basis.

Promoter will obtain, at its sole expense, all releases, licenses, permits, approvals, consents and other documents required in connection with the Events and for the performance of Promoter's duties under the Agreement.

2. Sponsorship Payment. For the rights and permissions granted pursuant to the Agreement, Philip Morris will pay Promoter a fee of \$65,000 as follows. Philip Morris will pay Promoter (i) \$25,000 within thirty days after the complete execution of the Agreement and submission of an invoice, (ii) \$25,000 within thirty days after submission of an invoice on or about July 7, 1998, and (iii) the balance of \$15,000 within thirty days after submission of an invoice on or about September 8, 1998.

3. Term and Termination. The term of the Agreement will commence as of the date of the Agreement and will continue through the completion of the Events to the satisfaction of Philip Morris. Philip Morris may terminate the Agreement, with or without cause, upon written notice to Promoter. If Philip Morris terminates the Agreement without cause, Philip Morris will have no liability to Promoter after the date specified in Philip Morris' notice of termination, with the exception of fees earned for services satisfactorily performed, and non-recoverable costs properly incurred, by Promoter prior to the termination date. If the Agreement is so terminated, Promoter will refund to Philip Morris all amounts paid to Promoter by Philip Morris pursuant to the Agreement. Promoter may deduct from the refund all fees earned for services satisfactorily performed, and non-recoverable costs properly incurred, by Promoter on behalf of Philip Morris prior to the

2070876996

termination date. Promoter will immediately supply documentation for all amounts so deducted.

4. Exclusivity. Promoter will not permit any signage, commercial identification or other activities of any other cigarette or tobacco products within the **Philip Morris Music** stage area described in Paragraph 1(e) without the prior, written consent of Philip Morris.

5. Renewal. If the Events are held in 1999, Philip Morris has the right to renew the Agreement upon written notice delivered to Promoter on or before February 1, 1999. If Philip Morris elects to renew the Agreement, all terms and conditions of the Agreement will be incorporated in any renewal, with the exception of appropriate date changes and the provisions of Paragraph 2. The parties will negotiate such provisions in good faith and will memorialize their agreement in a separate writing.

6. Confidentiality. Promoter, its employees and agents will hold strictly confidential the existence and terms of the Agreement and all information and materials provided by Philip Morris to Promoter or created or acquired by Promoter in performing its obligations under the Agreement. Promoter will not use or disclose to any third party the existence or terms of the Agreement, the information or materials, or any other confidential information without the prior written consent of Philip Morris. Upon the termination or expiration of the Agreement, Promoter will return promptly all materials to Philip Morris. Promoter's obligation to maintain confidentiality will survive the termination or expiration of the Agreement.

7. Third Party Contacts. If at any time Promoter is contacted by a third party, including the media, other than as contemplated by the terms of the Agreement, concerning Promoter's activities on behalf of Philip Morris, Promoter will make no comment, immediately notify Philip Morris of the third party contact, and refer the third party to Philip Morris, Senior Vice President, Corporate Affairs.

8. Independent Contractor. Promoter is and will remain an independent contractor and the Agreement will not be construed to create an association, partnership, joint venture or relation of principal and agent or employer and employee between Philip Morris and Promoter or any of its employees or agents within the meaning of any federal, state or local law. Promoter will not enter into any agreement, oral or written, other than as contemplated by the terms of the Agreement, on behalf of Philip Morris or otherwise obligate Philip Morris without Philip Morris' advance, written approval.

9. Indemnity. Promoter agrees to indemnify and hold harmless Philip Morris, its affiliates and each of their respective officers, employees, directors and agents from all claims, liabilities, costs or expenses, including reasonable attorneys' fees, that arise from or

2070876997

Mr. Nick Lugo, Jr.
National Hispanic Impact Marketing
January __, 1998
Page 4

may be attributable to any error, omission or fault of Promoter. Promoter's obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

10. The Philip Morris Names. Promoter recognizes and acknowledges that the **Philip Morris Music** and Philip Morris names and the names of the Philip Morris brands and the designs, emblems, slogans and insignia associated with Philip Morris and its brands have great value and goodwill and are the sole property of Philip Morris, and Promoter agrees that it has and will claim no right, title or interest in or to the same or the right to use the same except in accordance with the terms and conditions of the Agreement.

11. Insurance. [PLEASE CONFIRM] Prior to the commencement of the Events, Promoter will deliver to Philip Morris certificates of insurance evidencing coverage for (1) comprehensive general liability, including advertiser's and contractual liability, with limits of no less than \$1,000,000 combined single limit for personal injury and property damage; (2) comprehensive automobile liability including all owned, non-owned and hired vehicles, with limits of no less than \$1,000,000 combined single limit; and (3) statutory workers' compensation coverage meeting all state and local requirements, including coverage for employers' liability with limits of no less than \$500,000. The certificates of insurance required by subparagraphs (1) and (2) must name Philip Morris, its affiliates, employees and assigns as additional insureds and provide that Philip Morris must have at least thirty days' prior, written notice of any cancellation or modification of the insurance. The insurance required must be primary coverage without right of contribution from any other Philip Morris insurance. Insurance maintained by Philip Morris is for the exclusive benefit of Philip Morris and will not inure to the benefit of Promoter.

12. Notices. Notices provided hereunder will be in writing and delivered by United States certified mail, return receipt requested, postage prepaid, and if to Promoter, at the address set forth above, Attention: Mr. Nick Lugo, Jr., and if to Philip Morris, to Philip Morris Incorporated, 120 Park Avenue, New York, New York 10017, Attention: Director, Event Marketing.

13. Miscellaneous.

(a) The Agreement and all matters collateral hereto will be governed by the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York.

(b) Force Majeure, acts of God, or other causes beyond the control of either party delaying or causing the cancellation or delay of the Events will not subject Promoter or Philip Morris to any liability hereunder, except if, and to the extent, otherwise specifically provided herein.

2070876998

Mr. Nick Lugo, Jr.
National Hispanic Impact Marketing
January __, 1998
Page 5

(c) The Agreement may not be modified, amended or assigned except by a writing signed by both parties. If an assignment occurs, the assignment will not relieve the assigning party of its liabilities or obligations under the Agreement. The Agreement is binding upon successors and assigns of the parties.

(d) A waiver by either party of any term or condition of the Agreement in one or more instances will not constitute a permanent waiver of the term or condition or any other term or condition of the Agreement or a general waiver.

(e) If any provision of the Agreement is held invalid or unenforceable, the remaining provisions will remain in effect.

(f) The Agreement is the complete agreement between the parties and supersedes all prior oral or written agreements between the parties concerning the subject matter of the Agreement.

(g) Each party hereto will comply with all applicable federal, state and local laws, regulations and ordinances affecting its activities hereunder including, but not limited to, 15 U.S.C. § 1331 et seq.

2070876999

Mr. Nick Lugo, Jr.
National Hispanic Impact Marketing
January __, 1998
Page 6

If the foregoing accurately sets forth our understanding, please signify your acceptance and agreement by executing and returning the enclosed copies of this letter. We will forward one fully executed copy to you.

Very truly yours,

PHILIP MORRIS INCORPORATED

By: _____

Title: _____

ACCEPTED AND AGREED AS OF
THE DATE OF THIS LETTER:

NATIONAL HISPANIC IMPACT MARKETING

By: _____

Title: _____

Taxpayer ID No.: _____

Filing Status: _____